

**Craven Local Plan
Inspector's Matters, Issues and Questions for Examination**

Matter 2 – Objectively Assessed Need and the Housing Requirement (Policy SP1)

Issue 1 – Housing Market Area ('HMA')

Q1. What evidence supports the use of a HMA for Craven, having particular regard to levels of containment and household migration? Does it accord with national guidance in the PPG?⁷

Q2. How has evidence relating to commuting patterns been taken into account? Does this support the use of a HMA for Craven?

Q3. How does the proposed HMA relate to neighbouring authorities?

1. The PPG guidance (ID: 2a-001 to 2a-037) in relation to Housing Market Areas has now been superseded by the Standard Methodology. However, the guidance that was in place at the time the SHMA was prepared had suggested that housing market areas can be broadly defined using three different sources of information: house prices and rates of change in house prices; household migration and search patterns; contextual data e.g. travel to work areas, retail catchment areas and school catchment areas.
2. The SHMA highlights that in relation to household migration the origin containment ratio is 58.8% and the destination containment ratio is 60.7% (para. 3.19) this is significantly below the 70% PPG threshold. The SHMA also highlights that 66.7% of people who live in Craven work in Craven and that 67.5% of workers in Craven live in the district (para 3.23), again, this is below the 75% that the ONS use as part of their definition of a Travel to Work Area. However, the SHMA highlights that the neighbouring areas have established HMAs in their own right and although they recognise interactions with other area, Craven has not been included as part of their HMAs. Therefore, Craven has had to identify itself as its own HMA, although it does still recognise interactions with other areas, this appears to be a pragmatic approach.
3. The complexity of the area is clearly set out within the evidence within the SHMA, whichever HMA(s) is chosen the Council will need to ensure that they work closely with their neighbouring authorities to ensure that an appropriate level of housing is delivered.

Issue 2 – Population and Household Projections

Q1. What is the demographic starting point derived from the 2014-based household projections? How does this compare to the latest mid-year estimates? What are the reasons for the differences?

Q2. How has the “re-based” scenario (141 dpa) been calculated?

Q3. Why has the SHMA⁸ assessed internal rates of migration over 6 years and 15 years? What are the reasons for the variation?

Q4. How does the SHMA consider household formation rates, what are they based on and are they robust?

Q5. Paragraph 6.11 of the SHMA and the table that follows (Table 6.1) applies a partial return “...in which the 2014-based headship rates for the 25-34 age group return to a mid-point between the 2014 and 2008-based rates by 2033”. Have the same adjustments been made for other age groups?

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Q6. What are the main reasons for the change in the demographic starting point from the 2016 SHMA Update⁹ (188 dwellings)?

Q7. How has the need for accommodation for older people, especially older people who want to stay in their own home, been taken into account in establishing the housing requirement? Is this set out in the Local Plan?

4. The SHMA highlights that an alternative headship rate has been applied which considers 'a partial return' in which the 2014-based headship rates for the 25-34 age group return to a mid-point between the 2014 and 2008 based rates by 2033. It considers Edge Analytics report which notes that '*across the UK, younger adult age groups have seen the most significant change in household formation over the last ten years, due to a combination of housing undersupply and affordability issues*'. The HBF considers that an amendment to the headship rate for the 25-34 age group is appropriate. The HBF notes that this group were particularly hard-hit by the recession and as such the headship rates are likely to have been significantly depressed. The HBF considers it is prudent to introduce an uplift in headship rates amongst this group, to reverse this negative trend. This is supported by NPPF requirements to boost housing supply and in line with a Government that is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as 'Help to Buy' and 'Starter Homes'.

Issue 3 – Market Signals

Q1. The PPG¹⁰ advises that household projections should be adjusted to reflect appropriate market signals, as well as other market indicators. How does the evidence demonstrate that Craven is performing with regard to:

- Land prices;
- House prices;
- Rents;
- Affordability;
- Rate of development; and
- Overcrowding.

5. The HBF support the inclusion of a market uplift. The SHMA identifies that house prices have been increasing and the affordability of median house prices has been worsening, with an increase in the house price ratio from 7.0 in 2005 to 8.3 in 2016.

Issue 4 – Affordability

Q1. How has affordability been assessed as part of the SHMA? How does the House Price Ratio and the Rental Affordability Ratio compare with neighbouring authorities and the national average?

Q2. How have ratios determined the level of uplift proposed to the demographic starting point? Is the proposed uplift justified and based on available evidence?

Q3. What impact will the proposed uplift have on issues relating to affordability in Craven?

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6. Table 5.2 appears to compare the House Price Ratio (HPR) and Rental Affordability Ratio (RAR) with comparator districts, Yorkshire and Humber and England. It shows that the House Price Ratio in Craven is 8.3 and is higher than the majority of the comparator districts, and higher than the figures for Yorkshire and Humber and England. The rental affordability ratio is 36.3 and is higher than all of the comparator districts and the Yorkshire and Humber figure, it is however, lower than the England average.
7. The SHMA suggests that the market uplift is based on the Local Plan Expert Group (LPEG) recommendations. Appendix 6 to the LPEG report states that '*where the HPR is at or above 7.0 and less than 8.7, **and/or** the RAR is at or above 30% and less than 35%, a 20% uplift should be applied; and where the HPR is at or above 8.7, **and/or** the RAR is at or above 35%, a 25% uplift should be applied*'. This suggests that a 25% uplift would be appropriate for Craven.
8. It is expected that an appropriate uplift in housing provision should help to address the affordability issues identified, helping to counter worsening affordability in the Borough.

Issue 7 – Housing Requirement

Q1. Is the housing requirement justified and is it based on robust, up-to-date and available evidence? If not, what should the housing requirement be, and how have alternative figures been calculated?

9. Allowing for the comments above the HBF is generally satisfied that the housing requirement is based on appropriate evidence.